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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY  
MAY 22, 1985

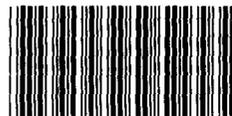
STATEMENT OF  
DANIEL P. LEARY  
ASSOCIATE DIRECTOR, AIR FORCE SUBDIVISION  
NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION  
BEFORE THE  
COMMITTEE ON ARMED SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES  
ON  
MUNITIONS LIFT TRAILERS FOR STRATEGIC BOMBERS

Mr. Chairman and Members of the Committee:

We are here to report our progress on a request by Chairman Price regarding Air Force procurement of munitions lift trailers. We are midway through our evaluation and will discuss briefly our work to date and answer any questions you may have.

Mr. Mongin from our Dayton office at Wright-Patterson Air Force Base is doing the field work for us on this assignment. He will give you a little background on the request, outline the methodology of our evaluation, and discuss our preliminary observations. We expect to complete our field work in about 3 weeks and there is still a good deal for us to do during that period. We have supplied each of you several charts to help you follow the presentation.

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BACKGROUND

AIR FORCE MUNITION LIFT TRAILERS

- ON HAND - 80 MHU-173s  
for use on B-52s
  
- ON ORDER - 71 improved MHU-173s  
also for use on B-52s
  
- PROPOSED\* - 90 new munition lift  
trailers MHU-193 for the  
B-1B aircraft

\*The reprogramming action being considered today is for the purpose of starting development of this lift trailer.

CONGRESSIONAL REQUEST

On April 16, 1985, Chairman Price of the R&D Subcommittee asked GAO to

- (1) evaluate and compare the 15 year life cycle cost of buying either improved lift trailers or new lift trailers for the strategic bomber force and
  
- (2) evaluate the potential savings obtainable from competitively procuring the improved lift trailers instead of a sole source procurement.

15 YEAR LIFE CYCLE COST COMPARISON

- VALIDATE AIR FORCE LIFE CYCLE COST MODEL
  
- IDENTIFY COST ELEMENTS NOT INCLUDED BY THE AIR FORCE
  
- COMPUTE AND COMPARE LIFE CYCLE COSTS FOR ALTERNATIVE LIFT TRAILER PROCUREMENTS

COMPETITIVE PROCUREMENT OF AN IMPROVED VERSION OF THE CURRENT TRAILER

- ASSESSING INDUSTRY INTEREST IN COMPETITION
  
- DETERMINE PROCUREMENT LEAD TIME TO DELIVER 1ST PRODUCTION UNIT
  
- IDENTIFY RANGE OF POTENTIAL UNIT PRICE REDUCTIONS
  
- SIMULATE IMPACT OF LOWER UNIT PRICE OVER 15 YEAR LIFE CYCLE

PRELIMINARY RESULTS

THE AIR FORCE COMPARATIVE EVALUATION OF LIFE CYCLE COST FOR NEW TRAILERS AND IMPROVED TRAILERS WAS OBJECTIVE, BUT INCOMPLETE.

OMITTED COST ELEMENTS INCLUDE:

		<u>NEW</u>	<u>IMPROVED</u>
- ENGINEERING CHANGE ORDERS	\$500,000	X	
- PECULIAR SUPPORT EQUIPMENT	100,000	X	
- PROVISIONING DATA AND SUPPORT	200,000	X	
- B52 COMPATIBILITY TESTING	50,000	X	
- TRAINING PLAN	100,000	X	
- DEPOT REPAIR MANUALS	?	X	
- BOMBER LOADING MANUALS	?	X	
- TRANSPORTATION COSTS	2,000/UNIT	X	X
- INTERIM CONTRACTOR SUPPORT	400,000	X	X

IDENTIFIED OMITTED COSTS COULD INCREASE AIR FORCE COST ESTIMATE FOR NEW LIFT TRAILERS BY AT LEAST \$1.5 MILLION AND FOR IMPROVED TRAILERS BY AT LEAST \$.4 MILLION. COSTS FOR DEPOT REPAIR AND LOADING MANUALS ARE NOT YET KNOWN AND COULD BE LARGE. (WE UNDERSTAND \$6.7 MILLION WAS PAID BY THE AIR FORCE FOR MANUALS ON THE EXISTING LIFT TRAILERS.)

AIR FORCE LIFE CYCLE EVALUATION WAS LIMITED TO LIFT TRAILERS FOR THE B-1B PROGRAM.

IT DID NOT CONSIDER:

--EXISTING LIFT TRAILER COSTS.

--TRAILERS NEEDED FOR ADVANCED TECHNOLOGY BOMBERS (ATB).

--POTENTIAL USE OF EXISTING TRAILERS TO MEET ATB NEEDS.

## PRELIMINARY OBSERVATIONS

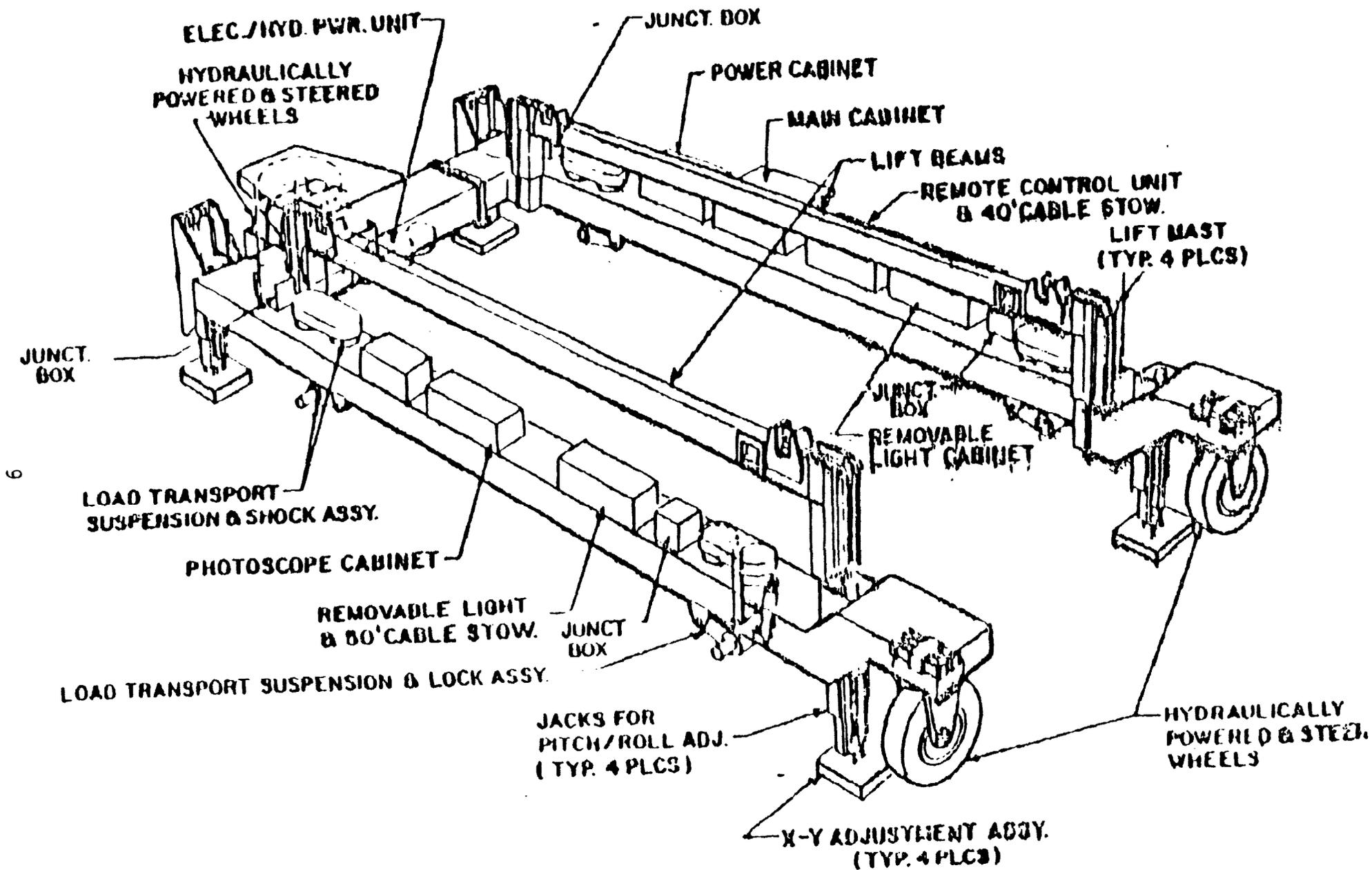
- The Air Force's evaluation concluded new lift trailers would cost about \$11-12 million less to buy and operate over 15 years than improved lift trailers. When the omitted costs we identified are finalized and considered, this difference could be about 20-30 percent less depending upon the cost of the manuals. However, even considering omitted cost, the estimated unit cost of new trailers will still be lower because of this trailer's significantly lower acquisition cost.
- If the Air Force competes production of improved trailers, and obtains the 10-15 percent unit cost reduction, the difference in cost between new and improved trailers will be further reduced. A reduction of this magnitude could amount to \$3 to \$5 million.
- Based on evidence available today, new lift trailers would cost less to acquire for the B-1B program. However, we have recommended in our report to the Secretary of the Air Force entitled, "Requirements for Munition List Trailers to Support Strategic Bombers" (GAO/NSIAD-85-83), dated May 21, 1985, that the Air Force revalidate its estimate of the total number of lift trailers needed to support the total bomber force, i.e., B-52s, B-1Bs, and ATBs. The Air Force is currently performing that analysis. For example, our work indicates existing lift trailers can be used in lieu of buying new trailers for all ATB requirements. Potentially lower requirements and the use of existing lift trailers are issues which should be considered before additional procurements are made.

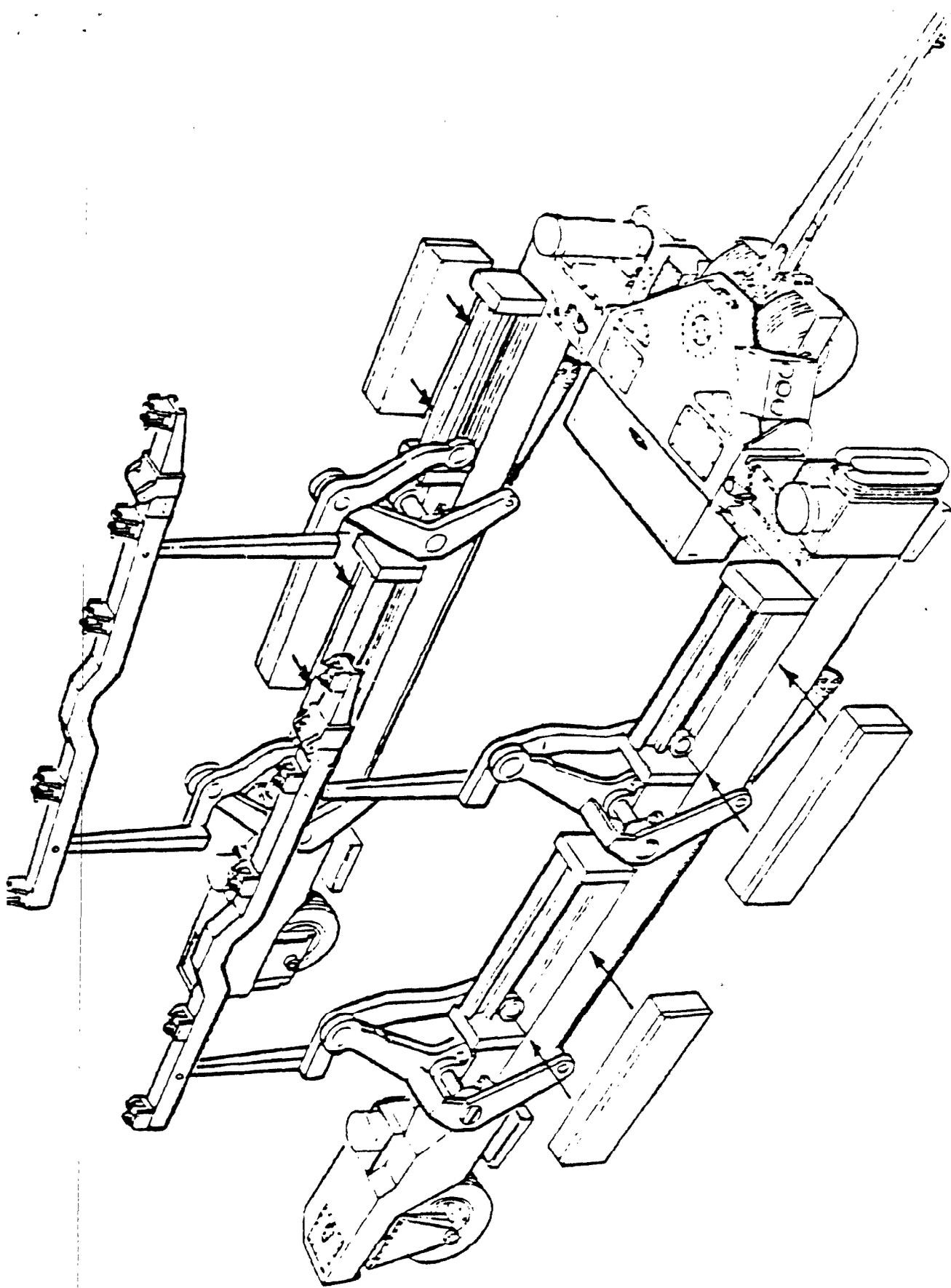
WORK TO BE DONE

- FINALIZE OMITTED COSTS
  
- SIMULATE AND COMPARE TOTAL LIFE CYCLE COSTS FOR  
VARIOUS PROCUREMENT STRATEGIES
  
- PREPARE FINAL BRIEFING

WE ESTIMATE SEVERAL MORE WEEKS ARE NEEDED TO COMPLETE OUR FIELD  
WORK.

EXISTING MUNITIONS LIFT TRAILER





IMPROVED VERSION OF EXISTING PATENTED  
LIFT TRAILER

NEW LIFT TRAILER

